

State of Colorado - Benefit Administrator's Override Request Process

July 1, 2006

IRS Rules and Regulations require that employee benefit plans be administered in a consistent and equitable manner, and in accordance with the provisions stated in the written plan document. We adopted a rules-based benefit system in order to facilitate consistent plan administration, and compliance with plan provisions and legal requirements. The Employee Benefits Unit (EBU) cannot violate personnel rule, plan provisions, or federal or state law by overriding the Director's official system of record, the online benefit administration system.

To facilitate timely processing, employees should register their changes online through the benefit system. Open enrollment elections must be entered into the online system within the published open enrollment dates. All other change requests (including all new enrollments) must be completed online within **31 days** of the event generating the change (the event is Day 1). Benefit Administrators need to adjust their internal processes to accommodate timely entry, especially if continuing manual or paper-based processes, and arrangements for back up if necessary within their departments. For example, establish internal deadlines in advance of the 31st day, use the pending function that allows entry 120 days prior to the event, and provide continual reminders to employees on their responsibilities.

Federal and state regulations and rules require all transactions to be effective on a prospective basis. Since the State does not pro-rate, this means that changes are effective on the first day of the month after the transaction is finalized, except as provided below for new hires, newborns, adopted children and children placed for adoption. Therefore, it is imperative for employees and Benefit Administrators to register changes, provide supporting documentation, and input final approvals as quickly as possible. New hires, newborns, adopted children and children placed for adoption are always effective on the first of the month following the event provided the transaction is finalized within 31 days. Without exception, all other transactions must be prospective in order to comply with federal requirements. Untimely transactions will be denied.

If plan provisions and legal requirements are followed properly in reaching an administrative conclusion, an exception cannot be granted without jeopardizing the plan's continued compliance with IRS Rules and Regulations. Therefore, overrides will be approved sparingly and in the rare situations involving extenuating circumstances beyond the control of the employee and the administrator and no effective alternative actions were available. Your request for an override must describe clearly and completely how administrative requirements were followed; otherwise, your request cannot be reviewed.

Lack of familiarity with plan requirements and personnel rules does not justify an override, nor does financial hardship or an employee's dissatisfaction with the results. Employee failure to timely apply for or enter transactions is not an administrative error within the meaning of IRS regulations. Nor is avoidable failure by the plan sponsor, including administrators in departments, to timely act on an employee's application for benefits a permitted exception. Also, failure to submit supporting documentation in a timely manner (31 days) does not justify an override because federal and state regulations and rules and plan provisions do not permit it. Employees and administrators are expected to be familiar with the provisions and requirements of the plans and personnel rules (Chapter 11), as well as the manner in which changes are registered properly and in a timely manner. Information is readily available to everyone in each plan booklet, viewable on the DHR Website, www.colorado.gov/dpa/dhr/, along with the rules.

Please complete the request form in its entirety. Only forms that are completed properly will be considered, and failure to provide all requested information will delay the processing of your request. When submitting your request, you should plan on allowing at least one week for review. The Employee Benefits Unit must receive your request within 10 days of the issue being brought to your attention.

Return the properly completed request form and supporting documentation to: Override Review, Employee Benefits Unit, 1313 Sherman Street, 1st Floor, Denver, CO 80203; Fax: (303) 866-3879, or benefits@state.co.us.

Employee SS#:

E-mail: benefits@state.co.us